

Functional Series 600 - Budget and Finance
ADS Chapter 630 - Payables Management

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d.	Principles of Federal Appropriations Law - Volume I (This Additional Help reference is not available in Word or PDF format. Please visit the	

following web site to view the document:
<http://www.gao.gov/special.pubs/vol1.pdf>)

- e. Principles of Federal Appropriations Law - Volume 2 (This Additional Help reference is not available in Word or PDF format. Please visit the following web site to view the document:
<http://www.gao.gov/special.pubs/vol2.pdf>)
- f. Principles of Federal Appropriations Law - Volume 3 (This Additional Help reference is not available in Word or PDF format. Please visit the following web site to view the documents:
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ADS 630 - Payables Management

630.1 OVERVIEW

The Certifying Officers Act, as amended, holds authorized Certifying Officers individually and personally responsible for their acts with respect to the certification of vouchers for payment. Few Certifying Officers are in a position to have direct and specific knowledge of each schedule for payment requiring certification. They must, therefore, place considerable confidence in the process by which a particular voucher is administratively approved and examined in detail for propriety and compliance with its corresponding obligation. USAID's internal controls for disbursements require the **administrative approval** of a responsible USAID employee who is in a position to know or to find out if the services for which payment is being requested have in fact been rendered, that the goods described in the billing have been delivered, and that payment is in order.

Federal agencies are required to convert from paper-based payment methods to **electronic funds transfer (EFT)** in accordance with regulations issued by the Department of Treasury. The Department of Treasury published **31 CFR 208** to implement the requirements to use EFT except as waived by the regulation, to pay and reimburse expenses for all Federal employees, to handle all interagency payments, to pay for purchases from the private sector, and to make all payments to private individuals. (See **31 CFR 208**)

The Prompt Payment Act requires Federal agencies to pay their bills on a timely basis, to pay interest penalties when payments are late, and to take discounts only when payments are made by the discount date. The Office of Management and Budget (OMB) has issued revisions to its rules on the Prompt Pay Act as 5 CFR 1315 which has the effect of superseding and rescinding Circular A-125. The revisions address the increased use of electronic commercial financial systems; promote the use of government credit cards and **accelerated payment methods**; reflect the new requirements of the Debt Collection Improvement Act of 1996 and the recent repeal of the annual agency Prompt Payment reporting requirement; and clarify and simplify the language used in the code. (See **5 CFR 1315**) Prompt Payment Act information can be found on Treasury's Financial Management Services web site. (**<http://www.fms.treas.gov>**)

This ADS chapter sets forth the principles, requirements, and procedures that govern the examination, certification, and payment of basic vouchers, invoices, contract financing requests, claims, and other payment requests. The payables discussed in this ADS chapter deal with all payables except those due USAID employees, both U.S. and foreign service nationals, for personal services. These policies and standards are deliberately broad since duplication of policy and procedural material readily available from the central regulatory agencies (Treasury, OMB, etc.) has been kept to a minimum. Additional reference material applicable to this chapter includes decisions of the Office of Personnel Management, the GSA Board of Contract Appeals, and the Comptroller

General of the United States. The authorities and principles contained in each publication or decision may not be specifically referred to in this chapter; however, they are still expected to be fully and accurately applied to disbursement transactions. Certifying Officers must consult with legal counsel when necessary regarding the legality of payments.

630.2 PRIMARY RESPONSIBILITIES

- a. **The Chief Financial Officer (CFO) is responsible for** using technology to improve the efficiency of payment processes and rewriting USAID policy and guidance to empower employees and eliminate unnecessary controls. The CFO will periodically review USAID disbursement systems to ensure that the most effective mechanisms are in use.
- b. The Bureau for Management, Office of Financial Management, Central Accounts and Reporting Division (M/FM/CAR) is responsible for **appointing Certifying Officers and removing them from the approved list when they no longer serve in such a capacity.**
- c. **Paying Offices** (USAID Mission Controllers and the Bureau for Management, Office of Financial Management, Cash Management and Payments Division (M/FM/CMP) must maintain appropriate internal controls to process payments in the correct amount, payable to the proper vendor, and within the time frame established by Prompt Pay Regulations.
- d. Cognizant Technical Officers (CTOs) are responsible for administratively approving all vouchers submitted under USAID-direct contracts, grants, interagency agreements, cooperative agreements, and host country contracts, except those payments made by bank Letters of Commitment and agreements financed under Letters of Credit using the Department of Health and Human Services Payment Management System. Administrative approvals are written statements attesting to the facts of an individual transaction based on personal knowledge.
- e. **Procurement Officials are responsible for** ensuring that payment terms that specify when payment will be due and how payments will be made are contained in contracts, purchase orders, grants, and other procurement arrangements. EFT clauses will be included in all procurements, as appropriate, and the appropriate EFT enrollment form will be provided to the vendor at the time of the award.
- f. Certifying Officers are responsible for ensuring that the payment is permitted by law; the appropriation amounts are available at the time and are being used for the intended purpose; the goods and services have been received and conform to the requirements of the order or agreement; the required administrative approvals have been obtained; and the prices and calculations are accurate.

630.3 POLICY AND PROCEDURES

630.3.1 Methods of Financing

USAID has the option of several payment methods to finance activities. Common USAID payment mechanisms are

- Direct payments to grantees and contractors;
- Direct Letters of Commitment;
- Bank Letters of Commitment; and
- Letters of Credit

In certain cases we can also make advances, periodic advances, and mobilization payments. In rare cases, USAID may use a special letter of credit for financing commodities and commodity-related services through commercial banks.

The activity paper must include a description of the methods of implementation and financing selected. A justification must be included in the paper if the Mission proposes to depart from USAID's general policy of using

- a. Fixed amount reimbursement (or modified fixed amount reimbursement) as the preferred method in financing multiple unit construction.
- b. Letter of credit procedure for nonprofit U.S. organizations.
- c. Direct reimbursement procedures (reimbursing the host country, contractors, and others) instead of payment methods that entail USAID financial credit instruments such as Bank Letters of Commitment.
- d. Direct Letters of Commitment instead of Bank Letters of Commitment, except for commodity import programs and activity commodity financing for which the mission expects a proliferation of invoices.

USAID prefers these four methods of payment. These methods allow for greater accountability and comply with cash management policies that aim to minimize advances and defer payment until all work is completed or goods and services delivered. Programming considerations sometimes dictate methods of financing that are less preferable from a vulnerability or cash management standpoint, so the full range of methods is available. However, a decision to utilize other methods must be fully justified.

Descriptions of the methods of financing are

- **Direct Letter of Commitment:** USAID may issue Direct Letters of Commitment to U.S. or host country suppliers and contractors and make payment to them upon receipt of invoices and supporting documentation. The Direct Letter of Commitment can be assigned to a bank and used as collateral against a loan. All USAID controllers have been delegated the authority to issue Direct Letters of Commitment.
- Direct reimbursement for goods or services: USAID reimburses the grantee/contractor or host country for eligible expenditures that are incurred and paid. This method of payment may be used with any USAID grant or contract.
- **Bank Letter of Commitment:** A Bank Letter of Commitment is a financial arrangement between USAID and a U.S. bank under which the bank is authorized to make payments to contractors or suppliers for eligible commodities or services. Under this payment method, the approved applicant may request the Letter of Commitment bank to issue commercial letters of credit to suppliers or contractors financed under the Letter of Credit. Commercial banks in the host country may also be allowed to issue commercial letters of credit and have them confirmed by the Letter of Commitment bank. M/FM and the Mission Controller in Cairo have the authority to issue Bank Letters of Credit.
- **Letters of Credit:** A Letter of Credit (LOC) is authorized for U.S. nonprofit organizations and some public international organizations as a means to draw advances under grants and cooperative agreements in a timely manner. USAID's LOC process has been transferred to the Department of Health and Human Services (DHHS) based on the cross-servicing policy established by the CFO Council.
- **Fixed Amount Reimbursement:** Fixed Amount Reimbursement (FAR) is a form of project assistance under which the amount of reimbursement is fixed in advance based on cost estimates reviewed and approved by USAID. Reimbursement is made upon the physical completion of an activity, sub-activity, or quantifiable element within an activity. The emphasis is on reimbursement based on output rather than input or costs.
- **Special Letter of Credit:** The Special Letter of Credit (SLC) is an alternative to financing commodities and commodity-related services under a Letter of Commitment. The SLC becomes a foreign exchange asset for the host country with an immediate impact on foreign exchange reserves and the rapid generation of local currency. When the SLC is used as a means for financing local costs, the Bureau Assistant Administrator must approve the justification for its use.
- **Advances:** Advances are usually only available to nonprofit organizations or the host government, unless approved by the Procurement Executive. An advance is given to a partner or vendor (e.g., a firm, Nongovernmental Organization (NGO), international or government agency, or individual) before delivery of

goods or services. Advances, for example, can be justified when an NGO has demonstrated working capital problems or when a commercial or noncommercial entity has specified mobilization or start-up costs. The latter could be expected with major construction activities. (See [ADS 636 for a full discussion of program funded advances](#))

630.3.2 Internal Controls in the Payment Process

630.3.2.1 What Are the Basic USAID Internal Controls Over Payments?

The United States Code (USC) and other legislation requires all Federal agencies to ensure the accuracy, propriety, and promptness of payments for goods and services received and accepted. The law specifically emphasizes the responsibility and authority of Certifying Officers in the payment process, but other steps are needed to ensure adequate internal control.

Because of the critical nature of the disbursement function, paying offices are expected to have in place internal controls over disbursements that are both cost effective and practical. Each paying office's system of internal controls (both manual and automated) should be based on the operating needs of that particular location and must conform to the financial policies and accounting standards prescribed in the Automated Directives System (ADS). At a minimum, controls over payments must include the following:

- a. **Separation of Duties:** To the extent practicable, operations should be separated to reduce the risk of error, waste, and wrongful acts. For example, different responsibilities for automated systems should be assigned to computer operations personnel, software maintenance specialists, and users. The head of the paying office must ensure that disbursing operations are separated from such operations as purchasing, receiving, collections, and accounting. Internal controls procedures covering disbursements must be periodically reviewed and any actual or potential violations promptly resolved.
- b. **Systems to Avoid Duplicate Payments:** Paying offices must establish appropriate procedures to prevent duplicate payments. Vouchers, voucher schedules, and supporting documents must be identified during the payment process by an acceptable means that will prevent them from being paid again. In addition, controls in the automated system must be designed to detect duplicate payments. The possibility of duplicating payments is greater whenever a second invoice or billing statement has been received. This may occur when payment has been delayed for an extended period and a duplicate follow-up invoice is submitted, or when a vendor submits bills to more than one paying office location.
- c. **Systems to Ensure that Goods and Services Were Received:** The completion of an administrative approval by an employee signifies that the approval was executed only upon personal knowledge establishing that the exact

quantity and quality of supplies, materials, or services were received and accepted on behalf of the Government. An administrative approval is required for each payment and will be attached to the payment documentation retained in financial management offices to provide evidence of receipt acceptance. Administrative approval may also be accomplished electronically.

630.3.2.2 Why Is So Much Emphasis Placed On the Accounting Office With the Obligation Making the Disbursement?

When the accounting office with the obligation makes the disbursement, we save the administrative expense of sending an Advice of Charge to liquidate the obligation record. More importantly, when a voucher is processed for payment, the Certifying Officer must have complete and current knowledge of all payments involved with the related obligation. Without such records, there is a risk of overdisbursing an obligation or making a duplicate payment. Therefore, the rule is that no office other than the designated paying office where complete obligation/payment record is maintained can disburse any funds, either as an advance or as liquidation of the obligation for which another payment office has responsibility, without first obtaining approval from the responsible office. In the case of emergency payments, the responsible office must be notified immediately that a disbursement has been made.

630.3.2.3 Are There Preferred Methods For Certifying and Transmitting Schedules?

Both Treasury and the State Department have created Electronic Certification Systems (ECS). These systems reduce vulnerabilities in the payment process and yield a number of benefits, including quick, reliable payments.

The Treasury Electronic Certification System (ECS) is a computer-based hardware/software system that provides the facilities for generating and certifying a voucher-schedule electronically and telecommunicating it to a Treasury Regional Finance Center (RFC). In this system, all voucher data are entered from a computer keyboard or diskette created by another computer system. Voucher-schedules are certified by Certifying Officers, who are issued tokens (smartcards) and Personal Identification Numbers (PINs) by Treasury to operate the system. The system also requires that the user agency have designated Security Administrators, who are also issued tokens (smartcards) and PINs by Treasury. The ECS authenticates voucher-schedules based on the encrypted keys assigned to each Certifying Officer and Security Administrator, and contained on their tokens.

Given the advantages of ECS, Missions must convert their payments to an ECS payment process as soon as it is feasible.

630.3.2.4 What Records Must a Paying Office Maintain?

In addition to the sequential schedule/voucher files maintained by fiscal year, paying

offices must maintain individual contract obligation/payment records in sufficient detail that the financial status of each contract can be readily determined and used in determining whether payment of a given invoice should be approved.

630.3.2.5 How Does USAID Ensure That Vouchers Will Be Paid When Due?

We have voucher tracking systems in both USAID/Washington (USAID/W) and the field that are designed with adequate internal controls to facilitate the timely payment of invoices, take appropriate discounts in accordance with the Prompt Payment Act, and preclude duplicate payments. Vouchers are sent by vendors directly to the payment office, where they are date stamped, assigned control numbers, logged into the voucher tracking system, and sent out for administrative approval. Paying offices are responsible for reviewing the voucher inventory on a daily basis and ensuring that payments are scheduled for payment in a timely fashion.

630.3.2.6 What Happens When a Payment Is Not Made On Time?

When discounts are taken after the expiration of the discount period or the payment office fails to make timely payments, interest penalties will be paid automatically in accordance with 31 USC 39. Interest payments are not required on contract financing payments, which include advance payments, progress payments based on cost, progress payments based on a percentage or stage of completion (other than those under fixed-price construction contracts or fixed-price architect-engineer contracts), and interim payments on cost-type contracts. Final payments on cost-type contracts are subject to interest penalties, however, since they are not contract financing payments. (See Mandatory References, [FAR 32.902](#) and [31 USC 39, Prompt Pay](#))

630.3.3 Voucher Examination and Payment

630.3.3.1 Is There a Difference Between a Claim, a Voucher, and an Invoice?

The term claim covers any request for payment. The term voucher encompasses both commercial vendor invoices and other approved Government forms prepared by or for the creditor requesting payment for services, supplies, equipment, transportation, or any other transaction that obligates USAID and ultimately results in an expenditure. For purposes of this chapter, the terms claim, voucher, and invoice will be used interchangeably to describe the document(s) that request payment.

630.3.3.2 What Are My Responsibilities As a Voucher Examiner?

As a voucher examiner, you are responsible for the proper review and processing of vouchers submitted to USAID. Your review must include

- Determining that a valid obligation exists;
- Ascertaining that the voucher is adequately supported by appropriate approvals

and authorizations (including a receiving report if required) and the documentation required by the obligating document;

- Verifying the name, address, and tax identification number (TIN) of the payee;
- Checking the mathematical accuracy of the vendor's invoice;
- Observing established internal controls designed to prevent any improper or duplicate payment;
- Making certain that the disbursement is in accordance with laws and regulations; and
- Determining the payment due date and computing late payment interest, if required, in accordance with prompt payment guidelines.

630.3.3.3 What Type of Invoice Is Required For a Payment?

Payment documents must be originals and as specified in the obligating document. If the original document is lost or destroyed, the certifying official must attach to the payment copy an explanation of the circumstances involved. Carrier bills for transportation and related services, such as loading or storage, must be presented on a properly certified SF-1113. Except for carrier invoices, the form of the invoice used by a vendor is not material.

630.3.3.4 Do I need an Invoice To Make a Recurring Service Payment For a Fixed Amount?

Payments for recurring services, such as rent, which are performed under agency-vendor agreements for payments of definite amounts at fixed periodic intervals, may be made without the submission of a vendor invoice. A basic SF-1034, Public Voucher for Purchases and Services Other Than Personal must be prepared by the organization unit responsible for the contract and must show, at a minimum, the contract number, the payee's name, the period covered by the payment, and the appropriation to be charged. The basic voucher for recurring payments will be certified for payment like all other vouchers. Paying offices must ensure that recurrent payments are made for unexpired contracts or agreements for the correct amounts. Internal controls must also ensure that recurring payments comply with the Prompt Payment Act and are not duplicate payments.

630.3.3.5 Does a Commercial Invoice Require a Payee's Certification?

A certificate by the payee as to correctness and nonpayment is only required in the case of vouchers submitted by U.S. banks for reimbursement under a Letter of Commitment or Special Letter of Credit and vouchers submitted by carriers and other corporations, agencies, or persons furnishing transportation or transportation-related

services. The elimination of the requirement for execution of the payee's certification from invoices submitted for payment does not dispense with the requirement for the certification of specific facts required by certain contracts.

630.3.3.6 Are Electronic Invoices Acceptable?

The use of electronic invoices and of any media, including facsimiles, is allowed and encouraged as long as adequate safeguards and controls ensure the integrity of the data and prevent duplicate payments. Paying offices must not allow the alteration of banking information by fax unless the change is confirmed independently with the vendor.

630.3.3.7 What Are My Responsibilities For Non-Employee Compensation Payments?

The Internal Revenue Service requires that Form 1099-MISC, Statement for Recipients of Miscellaneous Income, be given to each individual, partnership, or unincorporated commercial vendor to which the Agency has paid at least \$600 in fees, commissions, or any other form of compensation in a calendar year. Payments to a corporation for services must also be reported on Form 1099-MISC. This requirement applies to any recipient, in the United States or overseas, that is subject to U.S. tax laws.

The reporting on Form 1099-MISC excludes (1) any recipient whose compensation has been reported on a Form 941, Quarterly Statement of Withholding, and/or a W-2, Wage and Tax Statement, (2) corporations, and (3) any entity treated as a corporation under law; e.g., a professional association.

The USAID/W office or the Mission that makes payment to the recipient must prepare a Form 1099-MISC for each recipient by January 31 of the following year.

630.3.3.8 How Do I Handle No-Pay Vouchers?

No-pay vouchers are vouchers that do not require a payment to be made. Generally, no-pay vouchers record the liquidation of an advance against an obligation. No-pay vouchers are scheduled just as other vouchers, except; that on the face of the vouchers the words "No Check to be Drawn" will be written in red pencil or ink. Such vouchers will be assigned numbers and must include all necessary accounting classification data. A travel voucher where the payee's expenses are offset by a liquidating entry to the Travel Advance Account is an example of a no-pay voucher.

630.3.3.9 Are Accelerated Payment Methods Under Prompt Pay Permitted?

Accelerated payments have been expanded to include **"Fast Pay"**, payments for invoices under \$2,500, payments to small or disadvantaged businesses, and payments related to emergencies and disasters. Accelerated payments may be made to any small business if the Bureau or Mission Director determines that such early payments

are necessary.

630.3.3.10 What Is "Fast Pay"?

Under normal payment procedures, payments must not be made on invoices prior to receipt and acceptance of the related goods and services. In limited situations under FAR Part 13.4, payment may be made without evidence that supplies have been received. Instead, a contractor certification that supplies have been shipped may be used as the basis for authorizing payment. Payment may be made within 15 days after the date of receipt of the invoice. This payment procedure is limited to suppliers who have had and continue to have a good ongoing business relationship with the Agency and may be employed only when all of the following conditions are present: **(See Mandatory Reference, [FAR Part 13.4](#))**

- a. Individual orders do not exceed \$25,000 (except where the CFO permits a higher amount on a case-by-case basis);
- b. Deliveries of supplies are to occur where there is both a geographical separation and a lack of adequate communications facilities between Government receiving and disbursing activities, making it impracticable to make timely payments based on evidence of Federal acceptance;
- c. Title to supplies will vest in the Government upon delivery to a post office or common carrier for mailing or shipment to destination or upon receipt by the Government if the shipment is by means other than the Postal Service or a common carrier; and
- d. The contractor agrees to replace, repair, or correct supplies not received at destination, damaged in transit, or not conforming to purchase requirements.

USAID must promptly inspect and accept supplies acquired under these procedures and must ensure that receiving reports and payment documents are matched and steps are taken to correct discrepancies. In addition, USAID must ensure that specific internal controls are in place to ensure that supplies paid for are received.

630.3.3.11 Will Late Interest Penalties Apply If the Vendor Fails To Supply EFT Information Or a TIN?

If the vendor has failed to supply EFT information or a TIN, late interest penalties do not apply.

630.3.3.12 When Do Late Payment Interest Penalties Begin To Accrue When the Vendor Has Supplied Incorrect EFT Information?

We are required to review invoices and return improper invoices as soon as possible, but no later than seven days after receipt of an improper invoice. The payment period

begins after receiving a proper invoice, and we have up to 30 days from this date to make payment before late interest penalties accrue. However, if we do not realize that we received incorrect EFT information until payment is rejected, we have up to seven days after receiving correct EFT information to make payment.

630.3.3.13 Do Late Payment Rates For Utility Services Established By Foreign Governments Take Precedence Over the Rates Set In Prompt Pay?

Locally applicable late payment rates established by foreign governments, in addition to state and local governments, take precedence over the Prompt Pay rate.

630.3.3.14 How Does USAID Determine Credit Card Payment Dates?

We determine Government-wide commercial purchase card payment dates based on an analysis of the total costs and total benefits to the Federal Government as a whole, including the cost to the government of paying early.

630.3.3.15 Are Agencies Required To Report Prompt Pay Statistics To Treasury?

This reporting requirement has been eliminated.

630.3.3.16 Is Special Approval Required For Extremely Large Disbursements?

Anticipated disbursements totaling \$50 million or more must be reported in advance of the transaction settlement date to the Treasury Department, Financial Management Service (FMS). A minimum of three days notice is required for these disbursements. Disbursements of \$500 million require five days advance notice. M/FM/CMP must make formal arrangements with FMS for handling disbursements that are being made without advance notification to ensure that the necessary forecasting information is provided to Treasury. **(See Mandatory Reference, [Treasury Financial Manual, Volume 1, Part 6-8535: Cash Forecasting Requirements](#))**

630.3.3.17 How Do I Document Amounts Suspended From a Vendor's Voucher?

Amounts claimed for items that are not proper will be suspended from a payee's voucher. No disallowance is required to be made when the overclaim on a voucher amounts to \$1.00 or less. The payee will be notified of the amount suspended and the reason for the suspension.

a. Deductions resulting from time-payment discounts earned and taken will be appropriately documented on the accounting records and on the payee's copy of the voucher, to show the discount rate and the amount deducted. When a government form is used in presenting a claim, this notation will be shown in the "Difference" block. The voucher will be approved for payment in the net amount due.

- b. Minor deductions resulting solely from mathematical errors of amounts claimed will be appropriately explained on the voucher to identify the errors. The amount paid will be adjusted accordingly.
- c. Suspensions of amounts due for reasons other than those stated above require documentation on the payee's copy of the voucher or other payment identification data. If significant deficiencies exist on the voucher, a separate suspension letter or notification form must be furnished to the payee by the CTO to explain why the amounts were suspended. The schedule number assigned to the covering SF-1166 and the voucher number and date of payment must be included on the suspension letter or notification form.
- d. Payments of vouchers reclaiming amounts that were previously suspended will be cross-referenced by the claimant to the initial payment voucher or notice of suspension by either enclosing a copy of the suspension letter or citing the voucher number, schedule number, and date of the initial payment voucher.

630.3.3.18 Can I Adjust Obvious Underclaims?

During the examination of payment documents, variances may be discovered between the amount claimed by the payee and the proper amount determined by the voucher examiner to be payable. If these variances are underclaims not exceeding \$100 and result from extension or computation errors or use of the wrong rate, an upward adjustment not to exceed \$100 may be made in making the payment. These administrative adjustments may be made without amendment of the claim by the payee when it is clear on the face of the payment documents that the adjustment is appropriate.

630.3.3.19 What Must I Do If the Payee Owes USAID Money?

When a claim is submitted by an indebted payee, the amount of the debt can be offset against the amount otherwise properly due and payable. The claimant will be appropriately advised of the action taken. The indebtedness record will be adjusted to show the amount collected by offset, clearly identified by the schedule number, date, and amount.

630.3.4 Certifying Officers

630.3.4.1 What Are My Duties and Responsibilities As a Certifying Officer?

After appointment by M/FM/CAR, you certify payment schedules sent to the Treasury Department Disbursing Office, the Department of State's Regional Accounting Management Center, or a commercial bank in the case of local currency trust funds. Certifying Officers are responsible under 31 USC 3528 for any errors in certification, and for ensuring the existence and accuracy of information required to facilitate the certification of financial documents. Certifying Officers must not be hampered in

exercising independent judgment. Coercion or administrative pressure must not be used to obtain a certification. This does not prohibit discussing with Certifying Officers any facts or circumstances bearing on invoices with a view to expediting settlement. **(See Mandatory Reference, [31 USC 3528](#))**

Certifying Officers must rely on the systems, internal controls, and personnel that process payment transactions. As part of the review of internal controls required by the Federal Managers Financial Integrity Act, special emphasis should be given to testing controls over payment processes.

630.3.4.2 What Are the Personal Liabilities Of a Certifying Officer?

As a matter of long-standing public policy, a Certifying Officer is strictly liable for any illegal, improper, or incorrect payments. You may be required to make restitution for any illegal, improper, or incorrect payments resulting from false, inaccurate, or misleading certifications. You may also be subject to disciplinary action for the loss or improper payment of funds.

630.3.4.3 How Can I Protect Myself In Questionable Payment Cases?

The Department of Justice has concluded as a matter of law that the statutory mechanism that purports to authorize the Comptroller General, an agent of Congress, to relieve Executive Branch officials from liability in the certification of payments is unconstitutional because Congress may not be entrusted with executive powers under the doctrine of separation of powers.

USAID will not seek to recover a payment from or discipline a Certifying Officer if

- The officer requested and relied on the opinion of a regional legal advisor or the Office of General Counsel that the specific payment or obligation in question could legally be made;
- The officer requested an advance opinion from another authority authorized to provide advance decisions. For example, under P.L. 104-3166666, the Office of Management and Budget (OMB) has delegated the authority to render decisions concerning Federal civilian employees' claims for compensation and leave to the Claims Adjudication Unit in the Office of Personnel Management. OMB has delegated civilian Federal employees' travel claims, transportation claims, relocation allowances, and transportation carriers' requests for a review of audits of their bills to the Board of Contract Appeals, General Services Administration (GSA). Under 31 USC 3529, the Comptroller General can also render advance decisions on certain claims; or
- The Chief Financial Officer determines that the circumstances do not warrant recovery.

630.3.4.4 Do These Changes Affect My Reliance on Previous Comptroller General Decisions?

Until they are superseded, these decisions are still reliable guidance that can be followed in the voucher examination process.

630.3.5 False, Fictitious, or Fraudulent Claims

630.3.5.1 What Are the Guidelines for Determining Fraud?

The existence of fraud or misrepresentation is determined by the facts in each individual case. The payee's responsibility is to complete a claim accurately in order to ensure proper payment. However, it may not be assumed that the voucher is fraudulent simply because it is not prepared according to the regulations. The burden of establishing fraud rests on the party alleging fraud and must be proven by evidence sufficient to overcome the existing presumption of honesty and fair dealing. If the circumstances are as consistent with honesty and good faith as with dishonesty, the inference of honesty is required.

Many innocent mistakes are made in the completion of claims, and not every inaccuracy on a voucher should be equated with an intent to defraud the government. Where discrepancies are minor, small in total dollar amounts, or infrequent, a suggestion of fraud normally would not be warranted, if the most convincing evidence to the contrary is lacking. However, such errors must be discussed with the payee and corrected.

Where discrepancies are glaring, involve large sums of money, or are frequently made, an allegation of fraud can more readily be made, if a satisfactory explanation from the claimant is lacking.

630.3.5.2 What Action Is Required When a Suspected Fraudulent Voucher Is Presented for Payment.

When there is reason to suspect that a voucher presented for payment contains fraudulent information, the Certifying Officer must refer the matter to the Office of the Inspector General, Assistant Inspector General for Investigations (OIG/AIG/I). This requirement applies regardless of the dollar value of the suspected fraud. Unless otherwise directed by the investigating office, the Certifying Officer must retain the claim and all supporting documentation. Primary responsibility for the determination of fraud rests with the OIG/AIG/I in cooperation with the Department of Justice (DOJ).

630.3.5.3 What Must be Done With the Voucher If Fraud Is Established?

In general, a claim that is tainted with fraud is forfeited. The Certifying Officer in conjunction with the RLA or AGC must determine if such a claim can be partially disallowed or wholly disallowed. In cases where referrals have been made to the DOJ by OIG, no payments may be made unless approved by the DOJ.

630.3.6 Special Processing Considerations - Letters of Credit

630.3.6.1 How Are Letter of Credit (LOC) Payments Handled?

The LOC process has been transferred to the Department of Health and Human Services (DHHS) based on a cross-servicing policy established by the CFO Council. DHHS provides advance payment and advance liquidation support to USAID. Recipients eligible for LOC payments electronically request advances and submit expenditure reports via the Internet to DHHS. The Cash Management and Payments Division of the Office of Financial Management (M/FM/CMP) is still responsible for management of the LOC process and is the point-of-contact for Agreements Officers, Cognizant Technical Officers (CTO), missions, and recipients for the general administration of the LOC operation. M/FM/CMP/GIB enters new assistance awards and/or amendments into the DHHS Payment Management System.

DHHS does not require recipients to submit SF-269, Financial Status Report. DHHS uses an electronic SF-272, Federal Cash Transactions Report. DHHS sends USAID a report that captures the award expenditure data from the SF-272. Award expenditures reported on the 272 are recorded in the Agency's official accounting records.

630.3.6.2 What Is the Administrative Approval Process for Instruments Using the LOC Method of Payment?

With the transfer of the advance payment and liquidation process to DHHS, the administrative approval process has been changed. Since we have a third party making the payments and liquidating the advances, expenditure data received from DHHS is recorded directly in the Agency's official accounting systems, and no report is sent to the CTO for administrative approval. M/FM/CMP advises recipient organizations to send the SF-269 to the CTO and/or the Agreements Officers, but not to FM. M/FM/CMP only needs a copy of the final SF-269 in order to close out the grant on the DHHS' PMS system. These requirements are also being incorporated into the assistance agreements.

If the CTO has concerns about the expenditures reported, and the explanation from the recipient organization does not resolve these concerns, the CTO must coordinate directly with the Agreements Officer. If the expenditures recorded in the official accounting records are to be adjusted due to disallowed costs, M/FM/CMP must have a written determination from the Agreements Officer. Neither the CTO nor the Certifying Officer has the authority to disallow costs under an award or contract instrument financed under a LOC.

630.3.6.3 Which Organizations Qualify for a Letter of Credit?

An LOC is a method of payment that is negotiated and authorized by the Agreements Officer. The LOC and the Periodic Advance are the two general types of advances.

For Assistance instruments, advances are the preferred method of payment. ADS 583 provides guidance for the use of program-funded advances. If the organization qualifies, the Letter of Credit is the preferred method of payment for Grants and Cooperative Agreements. In general, the following criteria have to be met: **(See Mandatory Reference, [ADS 636](#))**

- The organization must have adequate financial and internal controls.
- The award must be for at least \$120,000 and must be for at least 12 months with the expectation that the relationship will be for more than one year for the initial establishment of the LOC. (For organizations that have an existing LOC, the dollar and time limitations do not apply. Also, once an organization has an established LOC, all assistance instruments to that organization must be under the same LOC.)
- The organization must be a U.S. organization. Some public international organizations (PIOs) qualify, but due to the decentralized structure of some PIOs, not all are suitable for LOC payment. Contact the LOC unit if you have questions about organizations qualifying for a LOC.
- The organization must have a U.S. bank account.

630.3.7 Special Processing Considerations - Transportation Vouchers

630.3.7.1 What Are Transportation Vouchers?

Transportation vouchers are commercial invoices representing the cost of transportation for both passengers and freight. Some examples are

- An invoice from a freight company for shipping household goods, also known as a GBL (Government Bill of Lading).
- A monthly statement from the Government travel and expense card company for airline tickets, also known as the Government Travel Account (GTA).

630.3.7.2 Why Are Transportation Vouchers Different From Other Types Of Commercial Payment Vouchers?

Transportation vouchers are strictly for payment for the transportation of goods and passengers and are subject to prepayment audit or postpayment audit in accordance with the guidance contained in 41 CFR 101-41 and 102-118, Transportation Payment and Audit. Special forms are used by freight carriers to bill the Government. **(See Mandatory References, [41 CFR 101-41 and 102-118, Transportation Payment and Audit](#))**

Generally, transportation or transportation services ordered with a Government

contractor issued charge card or charge account cannot be prepayment audited because the bank or charge card contractor pays the provider directly. USAID must decide whether to seek a waiver from the prepayment audit requirement and whether any such waiver should cover both Washington and overseas missions.

The General Services Administration (GSA) has a responsibility under 31 USC 3726 to perform oversight on transportation bill payments. If prepayment audits are not carried out, USAID is not allowed to perform a postpayment audit on its transportation bills. **(See Mandatory Reference, [31 USC 3726](#))**

630.3.7.3 What Information Must Be On Transportation Bills Submitted To GSA For Postpayment Audit?

USAID must annotate all of its transportation bills submitted for postpayment audit with the following information:

- The date received from the Transportation Service Provider (TSP);
- The TSP's bill number;
- Our agency name;
- The Document Reference Number;
- The amount requested;
- The amount paid;
- The payment voucher number;
- Complete tender or tariff authority, including contract price (if purchased under the Federal Acquisition Regulation), item or section number;
- The TSP's taxpayer identification number; and
- The TSP's standard carrier alpha code (SCAC).

630.3.7.4 Where Are Postpayment Transportation Vouchers Sent?

Forward documents monthly to

General Services Administration
Federal Supply Service Audit Division (FBA)
1800 F Street, N.W.
Washington, DC 20405

630.3.8 Special Processing Considerations - Sampling of Invoices

630.3.8.1 When Can I Use Statistical Sampling?

Statistical sampling is a means of reducing the cost of unproductive voucher examinations and must be supported by an appropriate comparison of the cost to carry out the sampling procedure to the benefits resulting from voucher examination. A USAID payment office may use statistical sampling when examining payment dues in amounts of \$2,500 or less when it has been demonstrated that economies will be achieved and a valid statistical sampling plan is used. The statistical sampling must

- a. Define the appropriate universe of invoices in quantitative terms to be examined by statistical sampling, including the time period for the sample. Usually this will be a determination to sample certain categories and dollar ranges based on an analysis.
- b. Choose appropriate sampling methods and sample size needed to meet the audit objective. The procedure must involve a random stratified selection of sample items from the vouchers being processed for payment. There must be the opportunity for any invoice not subject to normal voucher examination to be selected in the sample.
- c. Analyze the results of the sample using the appropriate statistical procedure and determine if any changes to the sampling plan are needed or whether to examine the entire universe.
- d. Report the results to management with the appropriate interpretation. Savings will be achieved if the combined costs of examining the sample and projected losses due to undetected errors on invoices are less than the administrative cost of examining all invoices.

Vouchers exceeding \$2,500 are subject to a 100-percent voucher examination audit.

630.3.8.2 Who Approves My Statistical Sampling Proposal?

The CFO approves all statistical sampling proposals for USAID.

630.3.8.3 What Documentation Must Be Maintained?

The paying office must maintain records of all aspects of its sampling program including the specific sampling procedures, the statistical formulas or tables used, and the resulting calculations. Records of the actual application of the sampling plan must also be maintained. Such records ordinarily consist of

- a. Work sheets showing items selected for examination.

- b. Errors discovered.
- c. Total number and amount of vouchers in the universe.
- d. Projected error, including possible range of error in the universe.
- e. Information on whether the results were acceptable.

630.3.9 Special Processing Considerations - Use of Funds for Confidential Purposes

630.3.9.1 What Is the Basis for Using Funds for Confidential Purposes?

Section 636(a)(8) of the Foreign Assistance Act of 1961, as amended, authorizes the use of appropriated funds for expenditures of a confidential character other than entertainment, provided that a certificate for the amount of each such expenditure is issued by the Administrator, USAID (or his designee). Every such certificate will be deemed a sufficient voucher for the amount it specifies. The Office of the Inspector General (OIG) has issued detailed directives on the procedures for obtaining and using confidential funds. The guiding principle for the expenditure of confidential funds is the necessity to conceal the identity of the persons involved or the nature of the expenditure of the funds.

630.3.9.2 What Can Confidential Funds Be Used For?

Expenditures may be made for a variety of goods and services including information, assistance, meals, beverages, transportation, and other costs incurred in connection with undercover operations, special investigative techniques, or other instances when it is considered inadvisable to disclose the nature of the expenditure. Expenses incurred by Special Agents while carrying out their investigative responsibilities may be paid from confidential funds when approved under the OIG directives.

630.3.9.3 How Are Confidential Funds Made Available?

At the beginning of the fiscal year, after OMB has apportioned funds to USAID, M/FM/CAR/FC will provide an allowance of funds to the Office of the Inspector General. A separate allowance is established for the amount earmarked for use as confidential funds within the total OIG appropriation. Funds for the Administrator's Office will be made available on an ad hoc basis at the request of the Executive Secretariat.

630.3.9.4 Who Approves Expenditures for Confidential Purposes?

Policy directives issued by the OIG govern the requesting and approval processes for confidential funds for investigative operations. The Administrator or Deputy Administrator approves the use of USAID funds for confidential purposes.

630.3.9.5 How Is the Reservation of Funds Recorded?

IG or the Executive Secretariat will access the USAID/Washington accounting system to record the reservation of funds, and prepare and forward to the Office of Financial Management's Accounting Division a Miscellaneous Obligor Document (MOD).

630.3.9.6 How Do Special Agents in the Field Obtain Cash Advances?

Ordinarily, cash advances of confidential funds are obtained from the controller of the USAID Mission responsible for the field office's fiscal affairs. However, if circumstances dictate, the funds may be obtained from the USAID controller in the country where the funds are to be expended.

The Special Agent in Charge requests cash advances by sending a memo to the USAID controller. The request cites the appropriate funding information as provided to the OIG in the allowance of funds and MOD documents. The Special Agent requesting the funds signs a receipt for the advance.

630.3.9.7 What Accounting Is Required for Confidential Funds?

All confidential expenditures require a receipt. On completion of the approved funds expenditure, a Public Voucher for Purchases and Services Other than Personal, SF-1034, is prepared in the total amount of the expenditure. SF-1034 vouchers covering payments that are for confidential purposes may not contain information that requires a security classification.

For field expenditures, the SF-1034 is submitted to the controller from whom the advance of funds was obtained. The Special Agent returns any residual from the advance to the controller and obtains a receipt for this transaction. In addition, a memorandum is sent from the Special Agent in Charge to the OIG's Confidential Source Control Officer (CSCO) requesting and approving the use of confidential funds. Supporting documentation as prescribed by IG policy directives is forwarded to the CSCO for retention and audit.

No receipts may be attached to the SF-1034. Instead, one of the following statements is made on the face of the SF-1034:

"CONFIDENTIAL EXPENDITURE IN CONNECTION WITH AN OFFICIAL INVESTIGATION."

"THE DOCUMENTS NECESSARY TO SUPPORT THIS VOUCHER HAVE BEEN RETAINED IN THE OFFICIAL FILES WITH OTHER CLASSIFIED MATERIAL."

630.3.10 Special Processing Considerations - USAID Entertainment Account

The procedures in this section apply to the use of USAID's Entertainment Account, which consists of appropriated funds and donations used for official entertainment under section 636(a)(6) of the FAA. An ADS Chapter is being created to address policy guidance on refreshments, meals, receptions, and similar events funded with USAID funds.

630.3.10.1 What Can Be Charged to the Entertainment Account?

The Entertainment Account is available only for official entertainment. Entertainment includes food and drink, receptions, or banquets; live or recorded music; live artistic performances; and personal gifts. Official entertainment is entertainment that has a connection with USAID business.

Entertainment funds are limited to use in the United States except when it involves programs administered from USAID/Washington or the overseas travel of Assistant Administrators and higher ranks. Funds for official entertainment at home are limited to Assistant Administrators and above. Exceptions to this requirement must be discussed with the Executive Secretary prior to submitting a formal request.

Entertainment funds can be used for events attended only by USAID employees. However, such events have a lower priority than events involving non-USAID employees and will be approved only in exceptional circumstances.

Funds may be made available for activities carried out solely or in part by participating agencies, provided they meet the general criteria above. Such activities must be arranged jointly by USAID and the participating agency and be authorized as outlined below.

The demand for official entertainment funds is greater than the availability. Requesting offices are expected to exercise sound judgement and prudence to ensure that all such events advance program interests, are conducted in a tasteful manner, and comport with the role of USAID. The style of entertainment should be simple, unostentatious hospitality.

630.3.10.2 Who Manages the Entertainment Account?

The Director, Office of Administrative Services, Bureau for Management (M/AS) manages the Entertainment Account on behalf of the Administrator.

The requesting office, e.g., Bureau Assistant Administrator, must submit a signed Request and Authorization of Official Entertainment Expenses, AID Form 3-12 through the Executive Secretariat (ES) for clearance, to the Director, M/AS. The clearance/approval process will consider the following:

- Official entertainment funds must not be used to fund events primarily attended by USAID or other U.S. Government employees.

- Events funded by entertainment funds must be a priority for the Administrator in furthering USAID goals and objectives.
- Use of entertainment funds must be approved in advance of the planned event.

M/AS is responsible for the overall management of the Entertainment Account, including follow-up action to ensure that all obligations are promptly liquidated and any unused residual amounts are deobligated and made available for reprogramming.

630.3.10.3 What Happens After the Event Is Approved?

After the Director, M/AS receives and approves the request (form AID 3-12), the Director's office (M/AS/OD) will insert the BPC/Appropriation Numbers. The executed form is then transmitted to M/FM/A/OE for pre-validation of fund availability prior to the function being held. FM/A/OE returns one copy to the requesting office, sends the original copy to the M/AS Administrative Purchasing unit, and retains one copy.

The requesting official is responsible for making all the arrangements for the official entertainment event. In no case will the amount authorized and obligated per form AID 3-12 be exceeded. Any cost in excess of the authorized amount will be the responsibility of the requesting official.

Generally, payment for all official entertainment expenses will be made by the M/AS Administrative Purchasing unit using the IMPAC VISA card account designated for that purpose.

If a cash advance is necessary, the advance can be obtained from the small imprest fund held by the Administrator's Office. The requester must complete a Receipt for Cash sub-voucher, SF-1165. The portion titled Interim Receipt for Cash must be signed by the recipient of the cash. The maximum amount of a cash advance is \$200.00. The purchase must be made within five days from the date of the cash advance. The vendor must sign the Form SF-1165 or the receipts for any purchase over \$15.00. The completed SF-1165, with supporting receipts and any remaining cash, must be presented to the imprest fund sub-cashier within two days of the purchase. The sub-cashier will mark VOID on the Interim Receipt for Cash section to indicate that the transaction is completed and the funds were accounted for in their entirety.

630.3.11 Special Processing Considerations - State Department Cashier Vouchers

In small missions, USAID does not have a cashier as part of the regular staff. Small payments that must be made in cash will be paid by State Department cashiers under an International Cooperative Administrative Support Services (ICASS) arrangement. Cashier payments are normally limited to amounts less than \$500 for one transaction except in emergency situations, when the limit is up to \$3,000. The U.S. Disbursing

Officer (USDO) has authorized higher limits at certain posts that have limited banking facilities. The emphasis of the U.S. Government is on shifting away from cash payments to the maximum extent possible. Missions must comply with the operating requirements of the Embassy and the USDO.

The fund replenishment voucher, Form OF-1129, Cashier Reimbursement Voucher and/or Accountability Report, for payments made by Embassy cashiers will be forwarded to USAID certifying officers for review and certification. Since the State Department cashier cannot receive reimbursement for these payments without the USAID certification, all such cashier vouchers must be handled on a priority basis and reviewed, certified, and returned to the Embassy within one week. **(See Mandatory Reference, [4 FAH-3 H-452](#))**

630.3.12 Special Processing Considerations - Medical Expenses

630.3.12.1 How Does the Mission Pay For Shared Medical Expenses?

Shared medical expenses, such as services provided by post health units, are charged initially to the funds of the Department of State. USAID is billed for its share of these expenses in accordance with the established ICASS support agreement. **(See Mandatory Reference, [3 FAM 1900, Appendix B, Medical and Health Program](#))**

630.3.12.2 What Medical Expenses For Eligible Employees Are Authorized?

Authorized medical services include immunizations, examinations, hospitalization, family advocacy counseling and related treatment, medical travel, and travel of medical attendants. All non-Foreign Service USAID/W employees and other U.S. Government employees on reimbursable detail to Washington are excluded from coverage, since such employees are not covered by the Foreign Service Medical and Health Program. The Medical Health Program is explained in 3 FAM 1900. Medical expenses for Personal Service Contractors are covered in Appendix D of USAID Acquisition Regulation (AIDAR).

630.3.12.3 Who Authorizes USAID-Funded Medical Services?

The Chief, Overseas Division (M/HRD/OS) authorizes physical examinations for eligible employees and their dependents and for candidates for employment in the Foreign Service and their dependents.

Missions authorize medical examinations for an employees and their dependents to take place in the United States, provided the employee and his/her dependents are unable to complete the examinations prior to departure from post on home leave or separation travel orders.

Form DS-820, Letter of Authorization for Medical Examination(s) and Immunizations, with Attachment AID 4-175, Instructions for Obtaining Physical Examinations-Overseas

Employment, is used to authorize physical examinations.

The State Department Medical Division authorizes all other medical services to be performed in the United States for the benefit of USAID and participating Agency employees, including hospitalization and related expenses incurred for eligible personnel evacuated from Foreign Service posts. Authorization for Medical Treatment, Form FS-569, or other form letter, is used for such authorizations. The Medical Division may also authorize examinations or consultations by letter. Medical services include consultation, medical treatment, hospitalization, the furnishing of drugs, and equipment such as vaporizers, beds, braces, and other minor items.

The Principal or Administrative Officer at Foreign Service posts have the authority to order medical services overseas at Government expense under the Foreign Service Medical and Health Program. These officers can authorize travel and per diem for eligible USAID employees and their dependents incident to authorized treatment while located abroad, and contract for the services of medical attendants to accompany the patient when deemed necessary by the post medical advisor or attending physician. Form FS-569 is used for the medical treatment authorization.

630.3.12.4 Who Pays the Bills For Medical Services?

Expenses Incurred in the United States. All bills for medical expenses from doctors, hospitals, and Government facilities are received initially by the State Department Medical Division. The Medical Division

- Matches each bill properly payable by USAID with the original or a copy of the authorization document.
- Prepares and administratively approves form DS-1486, Voucher or Sub-Voucher for Medical Services. This administrative approval is evidence that the goods and services were ordered and received, and that the amount charged is properly payable.
- Submits the administratively approved vouchers with bill and authorization to M/FM/CMP on a daily basis.
- Sends a letter to those employees covered by insurance to which the Government contributes a portion of the premium costs. This letter instructs them to file a claim with the insurance company and to transmit the settlement proceeds to the USAID cashier.

M/FM/CMP audits the voucher and schedules the voucher for payment. The office also follows up on the insurance proceeds due from the claim until received.

Expenses Incurred Overseas. All bills for medical expenses for doctors, hospitals, and Government facilities for treatment overseas are received initially by the Post

Principal or Administrative Officer. The Principal or Administrative Officer:

- Matches each bill properly payable by USAID with the original copy of the authorization document.
- Prepares and administratively approves form DS-1486, Voucher or Sub-Voucher for Medical Services. The administrative approval is evidence that the goods and services were ordered and received, and that the amount charged is properly payable.
- Submits the administratively approved vouchers with the attached bill and authorization to the Mission Controller for payment.
- Sends a letter to those employees covered by insurance to which the Government contributes a portion of the premium costs. This letter instructs them to file a claim with the insurance company and to transmit the settlement proceeds to the USAID cashier.

The Mission Controller audits the voucher to the extent he/she considers warranted, schedules, and certifies the voucher for payment. The Controller must follow up on the insurance proceeds due from the employee's claim until received.

630.3.12.5 What Is the Employee's Responsibility?

The employee is responsible for filing medical insurance claims with his/her insurance company and promptly transmitting the proceeds less any authorized out-of-pocket expenses to the USAID cashier. The employee must furnish documentary evidence of the total amount recovered and itemize the deductions and the reasons for the deductions. Failure of an employee to recover insurance payments, unless such failure is for reasons beyond the employee's control, will result in an indebtedness to the U.S. Government that will be recovered from other amounts due to the employee.

630.4 MANDATORY REFERENCES

630.4.1 External Mandatory References

- a. [31 CFR 208: Management of Federal Agency Disbursements](#)
- b. [41 CFR Parts 101-41 and 102-118 Transportation Payment and Audit Standardized Regulations](#)
- c. [4 FAH-3 H-452, Special Voucher Processes](#)
- d. [3 FAM 1900, Appendix B, Medical and Health Program](#)
- e. [FAR Part 13.4, Legal Effect of Quotations](#)

- f. [FAR 32.902, Prompt Payment – Definitions](#)
- g. [31 USC 39, Prompt Pay](#)
- h. [31 USC 3528, Responsibilities and Relief from Liability of Certifying Officials](#)
- i. [31 USC 3726, Payment for Transportation](#)
- j. [Treasury Financial Manual, Volume 1, Part 6-8535 \(I TFM 6-8535\): Cash Forecasting Requirements](#)
- k. [Treasury Financial Manual, Volume 1, Part 4: Disbursing](#) (Chapters 100 through 1000)
- l. [Treasury Cashier Manual](#)

630.4.2 Internal Mandatory References

- a. [ADS Chapter 477 - Allowances and Differential](#)
- b. [ADS Chapter 633 - Financial Management Aspects of Temporary Duty Travel \(TDY\)](#)
- c. [ADS Chapter 636 - Program Funded Advances](#)

630.5 ADDITIONAL HELP

- a. [ECS Instructions - Certifying Officer](#) (Sections I through III)
- b. [ECS Instructions - Data Entry Operator](#) (Sections I through V)
- c. [ECS Instructions - Security Administrator](#) (Sections I through III)
- d. [Principles of Federal Appropriations Law - Volume I](#) (This Additional Help reference is not available in Word or PDF format. Please visit the following web site to view the document: <http://www.gao.gov/special.pubs/vol1.pdf>)
- e. [Principles of Federal Appropriations Law - Volume 2](#) (This Additional Help reference is not available in Word or PDF format. Please visit the following web site to view the document: <http://www.gao.gov/special.pubs/vol2.pdf>)
- f. Principles of Federal Appropriations Law - Volume 3 (This Additional Help reference is not available in Word or PDF format. Please visit the following web site to view the documents: <http://www.gao.gov/special.pubs/og94033.pdf>)

630.6 DEFINITIONS (See ADS Glossary [Word](#) | [PDF](#) | [HTML](#))

***Accelerated Payment Methods**

A group of payment methods authorized under the Prompt Payment Act Implementation that, in certain instances, allows payment to be made to vendors prior to the normal 30 day waiting period. Accelerated payments have been expanded to include "Fast Pay", payments for invoices under \$2,500, payments to small businesses, and payments related to emergencies, and disasters. Accelerated payments may be made to any small business if the Bureau or Mission Director determines that such early payments are necessary. (Chapter 630)

***Administrative Approval**

The initial approval of an invoice or voucher received for payment. The approving officer is an employee (normally the CTO) directly concerned with the supplies, services, etc. billed. The approval is necessary before the invoice or voucher is certified for payment by the authorized certifying officer, except as may be specifically exempted by USAID. (Chapter 630)

***Bank Letter of Commitment**

A USAID agreement with a U. S. bank under which USAID guarantees to reimburse the bank for the account of an approved applicant for all amounts paid by the bank and chargeable to the account under the instructions of the approved applicant and in accordance with general and specific conditions established by USAID. (Chapter 630)

***Bank Letter of Credit**

An instrument of credit extended by a bank to a beneficiary guaranteeing payments to the beneficiary upon compliance with the terms and conditions established by the letter of credit. (Chapter 630)

***Direct Letter of Commitment**

A USAID Letter of Commitment issued directly to primarily host-county contractors, suppliers, or carriers under which specified documents are submitted directly to USAID for payment. (Chapter 630)

***Electronic Funds Transfer (EFT)**

Electronic Funds Transfer (EFT) is the standard method for making Federal payments. EFT includes any method used to transfer funds electronically, including Fedwire, Automated Clearing House (ACH) transfers, On-line Payment and Collection (OPAC) system, etc. (Chapter 630)

***Fast Pay**

A payment method that allows payment to be made without evidence that supplies have been received. Instead, a contractor certification that supplies have been shipped may be used as the basis for authorizing payment. Payment may be made within 15 days after the date of receipt of the invoice. (Chapter 630)

Fixed Amount Reimbursement

Fixed amount reimbursement is a form of project assistance under which the amount of reimbursement is fixed in advance based upon cost estimates reviewed and approved by USAID. Reimbursement is made upon the physical completion of an activity, a sub-activity, or a quantifiable element within an activity. The emphasis is upon reimbursement based on outputs rather than inputs or costs. (Chapter 630)

***Letter of Credit**

Letter of Credit is a method of advance payment for qualifying assistance agreements that is negotiated and authorized by the Agreements Officer. The Department of Health and Human Services (DHHS) is responsible for the payment and liquidation processes of USAID agreements using this method of financing. (Chapter 630)

***No-Pay Voucher**

No-pay vouchers are vouchers that do not require a payment to be made. A travel voucher where the payee's expenses are offset by a liquidating entry to the travel advance account is an example of a no-pay voucher. (Chapter 630)

***Recurring Service Payment**

A payment for recurring services, such as rents, which are performed under agency-vendor agreements for payments of definite amounts at fixed periodic intervals. Such payments may be made without the submission of a vendor invoice. (Chapter 630)

***Special Letter of Credit**

A Special Letter of Credit (SLC) is an alternative to financing commodities and commodity related services under a Letter of Commitment. The SLC becomes a foreign exchange asset for the host country with an immediate impact on foreign exchange reserves as well as the rapid generation of local currency. When the SLC is used as a means for financing local costs, the Bureau Assistant Administrator must approve the justification for its use. (Chapter 630)

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